

percentage increases shall be added to the highest previously existing base rate for the top step of each salary range and, the range will be calculated by dividing each range step, beginning with top step, by the factor 1.0525.

(f) The City agrees to a phased elimination of the nine-step pay plan and to maintain a five-step pay plans for all unit employees. Employees on the nine- step plan as of February 1, 2001, shall be eligible for a merit step increase to the appropriate salary step on the new five-step plan which provides for at least a five percent (5%) salary adjustment or up to the maximum salary step at the time of the employee's annual performance review date next following February 1, 2001. The City will maintain both a five- and nine- step salary range structure for approximately one year during this transition period. Any employee hired on or after April 1, 2001, will be assigned to the appropriate five- step salary plan. Employees hired between February 1, 2001, and March 31, 2001, will be eligible for a merit step increase to the appropriate salary step on the new five-step plan which provides for at least a five percent (5%) salary adjustment or up to the maximum salary step after six months of service.

(g) The City will adopt necessary documentation and procedures to implement the provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) which permits a "pick up" program whereby the amount that an employee pays to PERS for retirement would be reported with the amount paid by the employer for income tax purposes; thereby making the employee's portion non-taxable until refunded or retirement, both federal and state purposes.

Section 6.2 Salary Plan Administration

Each employee permanently assigned to a position covered by this Memorandum of Understanding shall be paid a salary within the range established for that position and classification.

Section 6.3 Salary Plan Administration, Original Appointment

The salary for a new employee occupying a position covered by this Memorandum of Understanding shall be the minimum salary step for the classification to which the employee is appointed. However, when warranted, the City Manager may appoint a new employee at a salary step other than the minimum step of the appropriate classification.

Section 6.4 Salary Plan Administration, Advancement Within Salary Range

No salary advancement shall be made so as to exceed the maximum rate established in the pay plan for the class to which the advanced employee's position is allocated. Employees hired at the first step of the salary range shall be evaluated for

salary advancement after the first six months of service and after additional one-year periods of service thereafter until the employee has reached the maximum rate established. Employees hired at other steps of the salary range shall be evaluated for salary advancement after the first year of service and after additional one-year periods of service thereafter until the employee has reached the maximum rate established. Advancement within the salary range shall generally be made one step at a time. However, the City Manager may, when circumstances warrant it, advance the salary of an employee more than one step at a time.

Advancements shall not be automatic, but shall depend upon increased service value of an employee to the City as exemplified by recommendations of the employee's supervisor, length of service, performance records, special training undertaken, or other pertinent evidence.

Advancement to the next higher step within the range of the assigned classification shall be implemented only upon final approval by the City Manager.

Changes in an employee's salary because of promotion or demotion may set a revised salary anniversary date for that employee.

Salary range adjustments for a classification will not set a new salary anniversary date for employees serving in that classification.

Section 6.5 Salary Plan Administration, Employee Evaluation

(a) Probationary employees shall be evaluated in writing at least every four months during their probationary period.

(b) Permanent employees eligible for salary step increase shall be evaluated in writing at least once every six months.

(c) Other permanent employees shall be evaluated in writing at least once per year.

(d) If an employee evaluation is not completed within thirty (30) days of its due date, the performance of that employee shall be deemed to be satisfactory.

Whenever the schedule of compensation for a classification is revised, each incumbent in a position to which the revised schedule applies shall be paid at the same step in the revised range as the step at which the employee was paid in the previous range; provided, however, that employees moved from the nine-step pay plan to the five-step pay plan as a result of this agreement shall increase to the appropriate salary step on the new five-step plan which provides for at least a five percent (5%) salary adjustment or up to the maximum salary step.